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May 10, 2000

VIA FEDERAL EXPRESS

Mr. David Waddell
Office of the Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Docket No. 00-00083- Response to Information Request Regarding Application
of NewPath Holdings, Inc., for a Certificate to Provide Competing Local
Telecommunications Services

Dear Mr. Waddell:

The following is offered in response to the Information Request received from Darrell
Whitis on March 24, 2000, regarding NewPath Holdings, Inc. ("NewPath") Application for a
Certificate to Provide Competing Local Telecommunications Services. The Information Request
asked NewPath to provide the following:

REQUEST: Submit a projected income statement.
RESPONSE: Attached please find a copy of the most updated version of NewPath's
income statement, marked as Exhibit A.

REQUEST: Provide details of the funding of the proposed network, equipment
purchase, and payment for UNEs such as: a) Internally generated funds
(cash, marketable securities); b) Letters of credit; c) Loan commitments;
and d) Vendor credit.
RESPONSE: Attached please find a letter from Jay Eliason, President of NewPath
Holdings, Inc., detailing the funding of NewPath's proposed network,
equipment purchases, and payment for UNEs, marked as Exhibit B.

REQUEST: Do the financial statements reflect any amounts related to reciprocal
compensation for terminating ISP traffic? If yes, indicate quantity.

JILL KLEPPE MCCLELLAND
REGINA FAMIGLIETTI PACE
CRAIG A. GILLEY
SUSAN A. MORT
MARK D. PIHLSTROM
BETH-SHERRI AKYEREKO
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S. JENELL TRIGG
JENNIFER B. TOMCHIN
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LISA CHANDLER CORDELL
LINDA B. MATARESE

* VA BAR ONLY
** MA BAR ONLY
*** MI BAR ONLY
+ MD BAR ONLY
++ IL BAR ONLY

POSTED
5-16-00

RESPONSE:

The financial statements of NewPath do not reflect any amounts related to reciprocal compensation for terminating ISP traffic.

REQUEST:

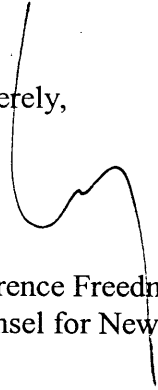
Provide a Small and Minority-Owned Business Plan.

RESPONSE:

NewPath filed a Small and Minority-Owned Telecommunications Business Plan as Exhibit E in its Application for a Certificate to Provide Competing Local Telecommunications Services, February 3, 2000. In response to the Tennessee Regulatory Authority ("TRA") Information Request, NewPath submits a revised Small and Minority-Owned Telecommunications Business Plan, attached hereto and marked as Exhibit C.

If I can be of further assistance in providing the TRA with additional information, please do not hesitate to contact me at (202) 939-7900.

Sincerely,



Lawrence Freedman
Counsel for NewPath Holdings, Inc.

Attachments

EXHIBIT A

NEWPATH HOLDINGS, INC.

PROJECTED INCOME STATEMENT

INCOME STATEMENT

FOR THE 4 PERIODS ENDED APRIL 30, 2006

Cost of Sales

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
SUPERVISORY - TS	\$15,442.33	.0 %	26,019.26	.0
EMPLOYEE BENEFITS - TS	1,304.28	.0	3,532.40	.0
401k - TS	1,243.86	.0	1,243.86	.0
RELOCATION - TS	8,000.00	.0	27,210.82	.0
MISCELLANEOUS - TS	84.18	.0	121.48	.0
SUPPORT STAFF - CSS	.00	.0	(1,308.10)	.0
RECRUITING - AD - CSS	3,291.75	.0	3,291.75	.0
EMPLOYEE BENEFITS - E	.00	.0	1,641.79	.0
TRAVEL - E	.00	.0	2,665.81	.0
RECRUITING - AD - E	13,064.40	.0	13,064.40	.0
OUTSOURCED SERVICES - E	21,004.83	.0	121,752.29	.0
EDUC, DUES & SUBSCRIP - E	154.00	.0	354.00	.0
MISCELLANEOUS - E	508.87	.0	(154.22)	.0
SUPERVISORY - IS	10,576.93	.0	10,576.93	.0
PROFESSIONAL STAFF - IS	7,211.55	.0	13,269.25	.0
EMPLOYEE BENEFITS - IS	1,881.32	.0	2,405.00	.0
401k - IS	1,380.02	.0	1,380.02	.0
DENTAL INSURANCE - IS	121.14	.0	121.14	.0
RECRUITING - AD - IS	7,871.00	.0	7,871.00	.0
RELOCATION - IS	3,000.00	.0	3,000.00	.0
OUTSOURCED SERVICES - IS	500.00	.0	21,224.47	.0
MISCELLANEOUS - IS	.00	.0	2,696.35	.0
OUTSOURCED SERVICES - MS	14,867.33	.0	63,742.33	.0
MISCELLANEOUS - MS	.00	.0	4.50	.0
TOTAL Cost of Sales	111,507.79	.0	325,726.53	.0
Gross Profit	(111,507.79)	.0	(325,726.53)	.0
Net Income from Operations	(111,507.79)	.0	(325,726.53)	.0

Other Expenses

EXECUTIVE SALARIES - G&A	(50,961.54)	.0	(120,076.95)	.0
SUPPORT STAFF - G&A	(14,721.14)	.0	(20,355.44)	.0
EMPLOYEE BENEFITS - G&A	(5,543.50)	.0	(14,125.47)	.0
401k - G&A	(6,401.53)	.0	(6,401.53)	.0
MEDICAL INSURANCE - G&A	(1,700.38)	.0	(1,700.38)	.0
DENTAL INSURANCE - G&A	(359.79)	.0	(359.79)	.0
TRAVEL - G&A	(369.75)	.0	(6,208.14)	.0
FACILITIES EXPENSE - G&A	.00	.0	(14,097.20)	.0
SUPPLIES - G&A	(3,476.82)	.0	(5,696.05)	.0
RECRUITING - TRAVEL - G&A	(1,113.00)	.0	(1,113.00)	.0
RECRUITING - MISC. - G&A	(99.68)	.0	(99.68)	.0
OUTSOURCED SERVICES - G&A	(128,073.73)	.0	(388,527.81)	.0
OUTSOURCED SERVICES - LEGAL	(110,509.64)	.0	(388,907.00)	.0
EDUC, DUES & SUBSCRIP - G&A	(225.00)	.0	(225.00)	.0
GENERAL INSURANCE - G&A	(4,397.76)	.0	(7,829.76)	.0

INCOME STATEMENT

FOR THE 4 PERIODS ENDED APRIL 30, 2000

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
Other Expenses	(Continued)			
TELEPHONE - G&A	\$(2,095.35)	.0 %	(2,513.81)	.0
MISCELLANEOUS - G&A	(14,131.91)	.0	(314,199.87)	.0
CORPORATE REGISTRATION FEES	(1,075.50)	.0	(2,016.05)	.0
TOTAL Other Expenses	(345,256.02)	.0	(1,294,452.93)	.0
Earnings before Income Tax	(456,763.81)	.0	(1,620,179.46)	.0
Net Income (Loss)	\$(456,763.81)	.0 %	(1,620,179.46)	.0

EXHIBIT B

NEWPATH HOLDINGS, INC.

LETTER FROM JAY ELIASON, PRESIDENT OF NEWPATH HOLDINGS, INC.,
REGARDING FUNDING OF THE PROPOSED NETWORK



NewPath Holdings, Inc.

****CONFIDENTIAL – TO BE FILED UNDER SEAL****

May 2, 2000

VIA OVERNIGHT MAIL

Mr. David Waddell
Office of Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

**Re: Docket No. 00-00083 – Application of NewPath Holdings, Inc. for a
Certificate to Provide Competing Local Telecommunications Services**

Dear Mr. Waddell:

I am submitting this letter in response to inquiries by Tennessee Regulatory Authority (“TRA”) staff member Darrell Whitis regarding the financial ability of NewPath Holdings, Inc. (“NewPath”) to provide the telecommunications services that it has proposed in the application referenced above. In short, Mr. Whitis requested information regarding the funding of the proposed network, equipment purchases and payment for UNEs. It is my assumption that this information will be treated as confidential, non-public information.


J.H. Whitney IV, L.P. (“JHW IV”) is NewPath’s principal equity funder. JHW IV is part of the J.H. Whitney & Co. (“Whitney”) corporate family, a leading venture capital firm established in 1946. Since its inception, Whitney’s investment strategy has been to support talented entrepreneurs who have clear strategic and operating plans to capitalize on attractive market opportunities and to achieve rapid growth. Whitney now manages well over \$5 billion invested in both public and private debt and equity, including a number of leading firms in the communications industry.

To date, JHW IV has made an initial contribution of \$5,700,000 to fund NewPath's initial telecommunications service roll-out and ongoing operations. These funds were provided in exchange for an equal number of shares of NewPath preferred stock. At the time of initial investment, JHW IV negotiated for and obtained an option to purchase up to an additional \$34,300,000 worth of NewPath preferred stock.

As a supplement to this letter and NewPath's application, I have attached NewPath's balance sheet, statement of operations, and statement of cash flows as of December 31, 1999. In addition, I have also attached NewPath's balance sheet as of April 30, 2000, reflecting Whitney's initial equity contribution as described herein.

I hope that this supplemental financial information was responsive to Mr. Whitis' inquiries and amply documents NewPath's financial ability to provide the telecommunications services for which it seeks authority from the TRA.

Sincerely,



Jay Eliason
President

EXHIBIT C

NEWPATH HOLDINGS, INC.

SMALL AND MINORITY-OWNED TELECOMMUNICATIONS
BUSINESS PARTICIPATION PLAN

NEWPATH HOLDINGS, INC.

SMALL AND MINORITY-OWNED TELECOMMUNICATIONS
BUSINESS PARTICIPATION PLAN

Pursuant to T.C.A. § 65-5-212, as amended, NewPath Holdings, Inc. ("NewPath") submits this Small and Minority-Owned Telecommunications business participation plan (the "Plan").

I. PURPOSE

The purpose of § 65-5-212 is to provide opportunities for small and minority-owned businesses to provide goods and services to telecommunications service providers. NewPath is committed to the goals of § 65-5-212 and to taking steps to support the participation of small and minority-owned telecommunications businesses in the telecommunications industry. NewPath will endeavor to provide opportunities for small and minority-owned telecommunications businesses to compete for contracts and subcontracts for goods and services. As part of its procurement process, NewPath will make efforts to identify and inform minority-owned and small businesses that are qualified and capable of providing goods and services to NewPath of such opportunities. NewPath's representatives will contact the Department of Economic and Community Development, the administrator of the small and minority-owned telecommunications assistance program, to obtain a list of qualified vendors. Moreover, NewPath will seek to increase awareness of such opportunities so that companies not otherwise identified will have sufficient information to participate in the procurement process.

II. DEFINITIONS

As defined in § 65-5-212:

Minority-Owned Business. Minority-owned business shall mean a business which is

solely owned, or at least fifty-one percent (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).

Small Business. Small business shall mean a business with annual gross receipts of less than four million dollars (\$4,000,000).

III. ADMINISTRATION

NewPath's Plan will be overseen and administered by the individual named below, hereinafter referred to as the Administrator, who will be responsible for carrying out and promoting NewPath's full efforts to provide equal opportunities for small and minority-owned businesses. The Administrator of the Plan will be:

Mick Herke
NewPath Holdings, Inc.
11260 Aurora Avenue
Des Moines, Iowa 50322
Phone: (515) 276-3069
Fax: (515) 270-9181

The Administrator's responsibilities will include:

- (1) maintaining an updated Plan in full compliance with § 65-5-212 and the rules and orders of the Tennessee Regulatory Authority.
- (2) establishing and developing policies and procedures necessary for the successful implementation of the Plan.
- (3) preparing and submitting such forms as may be required by the Tennessee Regulatory Authority, including the filing of required annual updates.
- (4) serving as the primary liaison to and cooperate with the Tennessee Regulatory Authority, other agencies of the State of Tennessee, and small and minority-

owned businesses to locate and use qualified small and minority-owned businesses as defined in Section 65-5-212.

- (5) developing opportunities to use small and minority-owned businesses and encouraging such businesses to participate in and bid on contracts and subcontracts.
- (6) providing records and reports and cooperate in any authorized surveys as required by the Tennessee Regulatory Authority.
- (7) maintaining records of small and minority-owned businesses that come to the attention of NewPath.
- (8) providing information to employees of NewPath to encourage such persons to use small and minority-owned businesses.


The efforts to promote and ensure equal opportunities for small and minority-owned businesses are primarily spelled out in the Administrator's duties above.

IV. RECORDS AND COMPLIANCE REPORTS

NewPath will maintain records of qualified small and minority-owned business and will document its use of the goods and services of such businesses. In addition, NewPath will maintain records of the internal procurement procedures adopted to support this Plan.

NewPath will submit records and reports required by the Tennessee Regulatory Authority concerning the Plan. Moreover, NewPath will cooperate fully with surveys and studies required by the Tennessee Regulatory Authority.

NEWPATH HOLDINGS, INC.

By: 
Mick Herke
Vice President, Contracts and
Regulatory

Dated: May 2, 2000